

Leland Township

Leelanau County, Michigan

Audit Report

For the Year Ended March 31, 2008

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name Leland Township	County Leelanau	Type Township	MuniCode 451090
Opinion Date 9/11/08	Audit Submitted 9/30/08	Fiscal Year 3/31/08	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	695,069
General Fund Expenditure:	485,175
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	414,050
Governmental Activities Long-Term Debt (see instructions):	- 0 -

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations)

CPA (First Name) DAVID	Last Name BASLER	Ten Digit License Number 1101013418	
CPA Street Address 400 E. Eighth St.	City Traverse City	State MI	Zip Code 49686
CPA Firm Name Tobin & Co., PC	Unit's Street Address	City	Telephone 231-947-0151

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Leland Township, Leelanau County, for the year ended March 31, 2008 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Leland Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Accounting records were maintained in good order. Recorded revenues were deposited timely and intact. Required journals and ledgers were maintained. Follow-up procedures appeared good. There were some shortcomings in accounting and internal control procedures which we have addressed in a separate letter to management.

Budgets and Procedures

The Township prepared and adopted budgets for its General, Special Revenue, and Enterprise Funds. See Note 2C of the Notes to Financial Statements.

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance at March 31, 2008, was \$414,050, an increase of \$133,822 from the balance at March 31, 2007.

Metro Authority Fund

This fund, presented on Schedule 2, is used to account for state shared revenues under the Metropolitan Authority Act restricted to right-of-way expenditures. Revenues amounted to \$5,570 for the audit year. The fund balance at March 31, 2008 was \$23,451.

Fire and Rescue Fund

This fund, presented on Schedule 3, is used to account for the special voted tax of one mil for fire protection. Revenues amounted to \$378,059 for the audit year, including \$335,121 of tax and \$41,171 of ambulance fees. In addition, the fund received a net transfer of \$8,770 from the Fire Building and Equipment Fund to cover the cost of new fire equipment. The fund balance at March 31, 2008 was \$27,368, a decrease of \$28,818 from the balance at March 31, 2007.

Liquor Law Enforcement Fund

This fund, presented on Schedule 4, is used to account for liquor license fees refunded by the State of Michigan. These fees may be used only for enforcement of the State liquor laws. Expenditures exceeded revenues by \$1,412 for the audit year, and the fund balance at March 31, 2008 was \$7,425.

Library Fund

This fund, presented on Schedule 5, is used to account for revenues specifically designated for operations and maintenance of the Township Library. Expenditures exceeded revenues and a transfer of \$75,950 from the General Fund by \$47,844 primarily due to renovation expenditures. The fund balance at March 31, 2008 was \$161,995.

Marina Improvement Fund

This fund, presented on Schedule 6, is used to account for interest earnings and monies transferred to the Marina Fund for capital improvements. Expenditures exceeded revenues by \$25,454. The fund balance at March 31, 2008 was \$479,035.

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Comments and Recommendations

Fire Building and Equipment Fund

This fund, presented on Schedule 7, is used to account for the special voted tax of .4000 mil for fire equipment replacement. Revenues amounted to \$148,222 for the audit year. Expenditures consisted of a net transfer out of \$8,770 to the Fire and Rescue Fund for purchase of equipment. The fund balance at March 31, 2008 was \$475,447.

Sewer Fund

This fund, presented on Schedule 10, is used to account for the operations and debt retirement relative to the Township sewer system. Retained earnings at March 31, 2008 were \$1,091,224.

Marina Fund

This fund, presented on Schedule 11, is used to account for operations of the Township Marina. Retained earnings at March 31, 2008 were \$794,398.

Capital Assets

The Statement of Changes in Capital Assets (land, buildings, and equipment) is presented in Note 6 of the Notes to Financial Statements.

Property Tax Collections

The collection and distribution of the 2007 tax levy was well handled by the Township Treasurer. Paid receipts were filed in order of payment. Deposits were made timely and intact. Distributions to taxing units during the collection period were, for the most part, in accordance with statutory requirements.

See Schedule 13 for a summary of the 2007 property tax levy and collections.

Payroll Procedures

Payroll records were well maintained by the Township Clerk. Social Security and Medicare taxes are being withheld as required by statute.

Insurance and Surety Bond Coverage

Records indicate that the Township is insured through Municipal Underwriters of Michigan and the Michigan Municipal League Workmen's Compensation Fund and has such coverage as fire and extended coverage, general liability, errors and omissions, workmen's compensation, equipment and crime coverage. Board minutes indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, and their deputies, as well as the Supervisor, have specific surety bond coverage and the Township has a blanket surety bond for other employees.

Other Data

We are pleased to note the use of interest bearing depository accounts. This practice resulted in earned interest of \$92,292 during the audit year. This is commendable on the part of the Treasurer and other Board members.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Leland Township
Leelanau County
Leland, Michigan 49654

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate of remaining fund information of Leland Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate of remaining fund information of Leland Township, Leelanau County at March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Leland Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
September 11, 2008

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Leland Township Management Discussion and Analysis Letter

As the Township Board of the Leland Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Leland Township for the fiscal year ended March 31, 2008.

Financial Highlights

The assets of Leland Township exceeded its liabilities at the close of the most recent fiscal year by \$9,246,973. Of this amount, \$414,050 may be used to meet the Township's ongoing General Fund obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,589,271, an increase of \$175,284 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$414,050, or 85.3% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Leland Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include: general government, public safety, road projects, and township improvements. The business-type activities of the Township include sewer and marina operations.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Leland Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Leland Township maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Fire and Rescue Fund, Marina Improvement Fund, Library Fund, and Fire Building and Equipment Fund, which are considered to be major funds. All Township government activities are included in these five funds plus three non-major governmental funds.

The Township adopts an annual appropriated budget for its general fund, special revenue and permanent funds. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with this budget.

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Proprietary funds: Leland Township maintains two individual proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its sewer and marina activities.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights:

The Township's General Fund equity increased by \$133,822 as a result of selling its interest in the real estate which the County owned in Leland. General funds were stable and expenses were controlled within the budget.

Condensed Financial Information and Analysis of Balances and Transactions of the Other Township's Funds.

	March 31, 2008			March 31, 2007		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 1,734,295	\$ 517,250	\$ 2,251,545	\$ 1,471,231	\$ 427,760	\$ 1,898,991
Capital Assets	<u>2,057,535</u>	<u>5,496,744</u>	<u>7,554,279</u>	<u>1,957,972</u>	<u>5,583,075</u>	<u>7,541,047</u>
Total Assets	<u>\$ 3,791,830</u>	<u>\$ 6,013,994</u>	<u>\$ 9,805,824</u>	<u>\$ 3,429,203</u>	<u>\$ 6,010,835</u>	<u>\$ 9,440,038</u>
Long-term Liabilities	\$ -	\$ 425,000	\$ 425,000	\$ -	\$ 625,000	\$ 625,000
Other Liabilities	<u>99,518</u>	<u>34,333</u>	<u>133,851</u>	<u>6,688</u>	<u>28,344</u>	<u>35,032</u>
Total Liabilities	<u>\$ 99,518</u>	<u>\$ 459,333</u>	<u>\$ 558,851</u>	<u>\$ 6,688</u>	<u>\$ 653,344</u>	<u>\$ 660,032</u>
Net Assets:						
Invested in Capital Assets	\$ 2,057,535	\$ 5,071,744	\$ 7,129,279	\$ 1,957,972	\$ 4,958,075	\$ 6,916,047
Restricted	<u>1,174,721</u>	<u>-</u>	<u>1,174,721</u>	<u>1,133,756</u>	<u>-</u>	<u>1,133,756</u>
Unrestricted	<u>460,056</u>	<u>482,917</u>	<u>942,973</u>	<u>330,787</u>	<u>399,416</u>	<u>730,203</u>
Total Net Assets	<u>\$ 3,692,312</u>	<u>\$ 5,554,661</u>	<u>\$ 9,246,973</u>	<u>\$ 3,422,515</u>	<u>\$ 5,357,491</u>	<u>\$ 8,780,006</u>

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	March 31, 2008			March 31, 2007		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues						
Charges for Services	\$ 92,587	\$ 882,739	\$ 975,326	\$ 89,126	\$ 852,316	\$ 941,442
Operating Grants and Contributions	10,765	-	10,765	21,012	18,652	39,664
General Revenues						
Property Taxes	789,058	-	789,058	742,273	-	742,273
State Shared Revenues	139,182	-	139,182	138,032	-	138,032
Unrestricted Investments						
Earnings	78,671	13,621	92,292	54,437	15,033	69,470
Miscellaneous	227,976	8,335	236,311	46,143	5,527	51,670
Total Revenues	<u>1,338,239</u>	<u>904,695</u>	<u>2,242,934</u>	<u>1,091,023</u>	<u>891,528</u>	<u>1,982,551</u>
Program Expenses						
Legislative	\$ 69,303	\$ -	\$ 69,303	\$ 60,123	\$ -	\$ 60,123
General Government	172,029	-	172,029	146,292	-	146,292
Public Safety	431,072	-	431,072	456,934	-	456,934
Public Works	123,896	294,762	418,658	20,852	323,164	344,016
Recreation and Cultural	190,021	494,887	684,908	185,368	443,674	629,042
Total Expenses	986,321	789,649	1,775,970	869,569	766,838	1,636,407
Transfers	(82,122)	82,122	-	-	-	-
Change in Net Assets	<u>\$ 269,796</u>	<u>\$ 197,168</u>	<u>\$ 466,964</u>	<u>\$ 221,454</u>	<u>\$ 124,690</u>	<u>\$ 346,144</u>

Capital Asset and Debt Administration

Capital assets: The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$2,057,535. This investment in capital assets includes: several parcels of land, Library, Fire and Rescue buildings, Fire and Rescue Trucks and Equipment, and Office Equipment and Computers. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which capital outlays exceeded depreciation was \$99,563.

Cash Assets: At the end of the current fiscal year, the Township had \$2,454,946 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

Long-term Debt: At the end of the current fiscal year, the Township had \$425,000 in bonded sewer debt outstanding.

Pension Plan: The Township makes contributions equal to approximately 10.4% of each employee's wage to Municipal Retirement Systems, Inc. on behalf of each participating employee. This is an expensed item in the budget and totaled \$8,400 for the fiscal year.

Currently Know Facts, Decisions, or Conditions Expected to Significantly Effect Next Year and Beyond: Requests for Information

The harbor renovation project is still delayed with final approval expected in late spring and construction late fall of 2008. There is a concern that the current funding by the State will fall short. The library renovation plan is complete with community fund raising efforts to take place through-out the summer and fall. Fire and rescue facilities study committee is expected to be complete in late 2008. The Township continues to improve roads and parks.

Requests for Information

This financial report is designed to provide a general overview of Leland Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Jane Keen, Township Clerk, P. O. Box 1112, Leland, MI 49654.

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Leland Township Statement of Net Assets March 31, 2008

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,539,879	\$ 400,800	\$ 1,940,679
Accounts Receivable	-	110,906	110,906
Taxes Receivable – Current	45,506	-	45,506
Due from Other Activities	148,910	-	148,910
Due from Other Units	-	5,544	5,544
Capital Assets:			
Land	1,453,350	2,299	1,455,649
Other Capital Assets, Net of Depreciation	<u>604,185</u>	<u>5,494,445</u>	<u>6,098,630</u>
Total Assets	<u>3,791,830</u>	<u>6,013,994</u>	<u>9,805,824</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	99,518	23,947	123,465
Due to Other Activities	-	10,386	10,386
Long-term Liabilities, Net of Discounts:			
Due Within One Year	-	200,000	200,000
Due in More Than One Year	<u>-</u>	<u>225,000</u>	<u>225,000</u>
Total Liabilities	<u>99,518</u>	<u>459,333</u>	<u>558,851</u>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	2,057,535	5,071,744	7,129,279
Restricted	1,174,721	-	1,174,721
Unrestricted	<u>460,056</u>	<u>482,917</u>	<u>942,973</u>
Total Net Assets	<u>\$ 3,692,312</u>	<u>\$ 5,554,661</u>	<u>\$ 9,246,973</u>

See Accompanying Notes to Basic Financial Statements

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Leland Township Statement of Activities March 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		Total
		Fees and Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Legislative	\$ 69,303	\$ -	\$ -	\$ (69,303)	\$ -	\$ (69,303)
General Government	172,029	35,136	-	(136,893)	-	(136,893)
Public Safety	431,072	47,341	3,588	(380,143)	-	(380,143)
Public Works	123,896	-	5,570	(118,326)	-	(118,326)
Recreation and Cultural	<u>190,021</u>	<u>10,110</u>	<u>1,607</u>	<u>(178,304)</u>	<u>-</u>	<u>(178,304)</u>
Total Governmental Activities	<u>986,321</u>	<u>92,587</u>	<u>10,765</u>	<u>(882,969)</u>	<u>-</u>	<u>(882,969)</u>
Business-type Activities:						
Marina	494,887	525,361	-	-	30,474	30,474
Sewer	<u>294,762</u>	<u>357,378</u>	<u>-</u>	<u>-</u>	<u>62,616</u>	<u>62,616</u>
Total Business-type Activities	<u>789,649</u>	<u>882,739</u>	<u>-</u>	<u>-</u>	<u>93,090</u>	<u>93,090</u>
Total	<u>\$ 1,775,970</u>	<u>\$ 975,326</u>	<u>\$ 10,765</u>	<u>(882,969)</u>	<u>93,090</u>	<u>(789,879)</u>
General Revenues:						
Taxes				789,058	-	789,058
State Shared Revenues				139,182	-	139,182
Investment Earnings				78,671	13,621	92,292
Operating Transfers				(82,122)	82,122	-
Miscellaneous				<u>227,976</u>	<u>8,335</u>	<u>236,311</u>
Total General Revenues				<u>1,152,765</u>	<u>104,078</u>	<u>1,256,843</u>
Change in Net Assets				269,796	197,168	466,964
Net Assets – Beginning				<u>3,422,516</u>	<u>5,357,493</u>	<u>8,780,009</u>
Net Assets – Ending				<u>\$ 3,692,312</u>	<u>\$ 5,554,661</u>	<u>\$ 9,246,973</u>

See Accompanying Notes to Basic Financial Statements

Leland Township
Balance Sheet
Governmental Funds
March 31, 2008

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<u>Assets</u>	<u>General Fund</u>	<u>Fire and Rescue Fund</u>	<u>Library Fund</u>	<u>Marina Improvement Fund</u>	<u>Fire Building and Equipment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 187,049	\$ 118,627	\$ 32,760	\$ 21,568	\$ 97,312	\$ 31,376	\$ 488,692
Certificates of Deposit	198,014	-	131,496	457,467	263,610	-	1,050,587
Petty Cash	-	-	600	-	-	-	600
Taxes Receivable - Current	11,411	24,354	-	-	9,741	-	45,506
Due from Other Funds	37,375	-	-	-	114,525	-	151,900
Total	\$ 433,849	\$ 142,981	\$ 164,856	\$ 479,035	\$ 485,188	\$ 31,376	\$ 1,737,285
<u>Liabilities and Fund Equity</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 8,388	\$ 88,269	\$ 2,861	\$ -	\$ -	-	\$ 99,518
Due to Other Funds	-	2,990	-	-	-	-	2,990
Deferred Revenue	11,411	24,354	-	-	9,741	-	45,506
Total	19,799	115,613	2,861	-	9,741	-	148,014
<u>Fund Equity:</u>							
Fund Balance - Reserved	-	-	-	-	-	500	500
Fund Balance - Unreserved	414,050	27,368	161,995	479,035	475,447	30,876	1,588,771
Total	414,050	27,368	161,995	479,035	475,447	31,376	1,589,271
Total Liabilities and Fund Equity	\$ 433,849	\$ 142,981	\$ 164,856	\$ 479,035	\$ 485,188	\$ 31,376	2,057,535
Amounts reported for governmental activities on the statement of net assets are different because:							
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.							2,057,535
Receivables of property taxes are not deferred in the statement of net assets.							45,506
Net assets of governmental activities.							\$ 3,692,312

See Accompanying Notes to Basic Financial Statements

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2008

	General Fund	Fire and Rescue Fund	Library Fund	Marina Improvement Fund	Fire Building and Equipment Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>							
Taxes	\$ 325,056	\$ 335,121	\$ -	\$ -	\$ 133,932	\$ -	\$ 794,109
Licenses and Permits	6,170	-	-	-	-	-	6,170
State Grants	139,182	-	1,607	-	-	9,158	149,947
Charges for Services	35,136	41,171	10,110	-	-	-	86,417
Fines and Forfeits	-	-	16,648	-	-	-	16,648
Interest and Rents	36,196	-	8,989	19,596	13,890	-	78,671
Other	153,329	1,767	18,882	36,950	400	-	211,328
Total	695,069	378,059	56,236	56,546	148,222	9,158	1,343,290
<u>Expenditures</u>							
Legislative	69,303	-	-	-	-	-	69,303
General Government	133,063	-	-	-	-	-	133,063
Public Safety	54,684	302,924	-	-	32	5,000	362,640
Public Works	115,609	-	-	-	-	-	115,609
Recreation and Cultural	51,726	-	125,937	-	-	-	177,663
Other	32,858	-	-	-	-	-	32,858
Capital Outlay	27,932	112,723	54,093	-	-	-	194,748
Total	485,175	415,647	180,030	-	32	5,000	1,085,884
Excess Revenues (Expenditures)	209,894	(37,588)	(123,794)	56,546	148,190	4,158	257,406
<u>Other Financing Sources (Uses)</u>							
Operating Transfers In	-	99,620	75,950	-	90,850	-	266,420
Operating Transfers (Out)	(76,072)	(90,850)	-	(82,000)	(99,620)	-	(348,542)
Total	(76,072)	8,770	75,950	(82,000)	(8,770)	-	(82,122)
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	133,822	(28,818)	(47,844)	(25,454)	139,420	4,158	175,284
Fund Balance -- Beginning of Year	280,228	56,186	209,839	504,489	336,027	27,218	1,413,987
Fund Balance -- End of Year	\$ 414,050	\$ 27,368	\$ 161,995	\$ 479,035	\$ 475,447	\$ 31,376	\$ 1,589,271

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended March 31, 2008

Net change in fund balances -- total governmental funds \$ 175,284

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 99,563

Governmental funds defer property taxes receivable. However, in the statement of activities, they are recognized as revenues. This is the amount by which the deferred property taxes exceeded the deferral at March 31, 2008. (5,051)

Changes in net assets of governmental activities \$ 269,796

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Statement of Net Assets
Proprietary Funds
March 31, 2008

	<u>Business Type Activities – Enterprise Funds</u>		
<u>Assets</u>	<u>Sewer</u>	<u>Marina</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 47,030	\$ 353,770	\$ 400,800
Accounts Receivable	110,906	-	110,906
Due from Other Units	5,544	-	5,544
Capital Assets:			
Land	-	2,299	2,299
Other Capital Assets, Net of Depreciation	<u>5,035,896</u>	<u>458,549</u>	<u>5,494,445</u>
Total Assets	<u>5,199,376</u>	<u>814,618</u>	<u>6,013,994</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	13,946	10,000	23,946
Due to Other Activities	167	10,220	10,387
Long-term Liabilities, Net of Discounts:			
Due Within One Year	200,000	-	200,000
Due in More Than One Year	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Total Liabilities	<u>439,113</u>	<u>20,220</u>	<u>459,333</u>
<u>Net Assets</u>			
Invested in Capital and Intangible Assets, Net of Related Debt	4,610,896	460,848	5,071,744
Unrestricted	<u>149,367</u>	<u>333,550</u>	<u>482,917</u>
Total Net Assets	<u>\$ 4,760,263</u>	<u>\$ 794,398</u>	<u>\$ 5,554,661</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds For the Year Ended March 31, 2008

	<u>Business Type Activities – Enterprise Funds</u>		
	<u>Sewer</u>	<u>Marina</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	\$ 357,378	\$ 525,361	\$ 882,739
Other	8,335	-	8,335
Total Operating Revenues	<u>365,713</u>	<u>525,361</u>	<u>891,074</u>
<u>Operating Expenses</u>			
Salaries and Wages	10,496	63,663	74,159
Fringe Benefits	1,203	6,475	7,678
Supplies	1,907	4,639	6,546
Gas, Oil and Fuel	-	314,896	314,896
Contractual Services	77,851	2,112	79,963
Trash Removal	882	891	1,773
Legal and Auditing	1,300	2,052	3,352
Communications	2,345	1,879	4,224
Transportation and Travel	-	968	968
Printing and Publishing	121	23	144
Licenses and Permits	3,650	-	3,650
Insurance and Bonds	3,569	4,700	8,269
Public Utilities	18,628	19,624	38,252
Maintenance and Repairs	6,608	13,982	20,590
Depreciation	143,285	30,046	173,331
Licenses and Fees	-	412	412
Other and Credit Card Fees	1,360	15,725	17,085
Administration Fee	-	12,500	12,500
Interest	21,557	-	21,557
Education	-	65	65
Capital Outlay	-	235	235
Total Operating Expenses	<u>294,762</u>	<u>494,887</u>	<u>789,649</u>
<u>Operating Income</u>	<u>70,951</u>	<u>30,474</u>	<u>101,425</u>
<u>Non-operating Income (Expense)</u>			
Interest Income	964	12,657	13,621
Transfer In	-	82,122	82,122
Total Non-operating Income (Expense)	<u>964</u>	<u>94,779</u>	<u>95,743</u>
<u>Net Income</u>	<u>71,915</u>	<u>125,253</u>	<u>197,168</u>
Depreciation Transferred to Contributions	89,302	-	89,302
<u>Retained Earnings – Beginning of Year</u>	<u>930,007</u>	<u>669,145</u>	<u>1,599,152</u>
<u>Retained Earnings – End of Year</u>	<u>\$ 1,091,224</u>	<u>\$ 794,398</u>	<u>\$ 1,885,622</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2008

	<u>Business Type Activities – Enterprise Funds</u>		
	<u>Sewer</u>	<u>Marina</u>	<u>Total</u>
<u>Operating Activities</u>			
Collections of Charges for Services	\$ 343,272	\$ 525,361	\$ 868,633
Collections of Other Income	8,335	-	8,335
Collections of Interest	964	12,657	13,621
Operating Transfers In	-	82,122	82,122
Deduct Expenses Using Cash and Cash Equivalents	<u>(155,488)</u>	<u>(464,841)</u>	<u>(620,329)</u>
Net Cash Flow from Operating Activities	<u>197,083</u>	<u>155,299</u>	<u>352,382</u>
<u>Investing Activities</u>			
Purchase of Property and Equipment	<u>-</u>	<u>(77,000)</u>	<u>(77,000)</u>
Net Cash Flow Used by Investing Activities	<u>-</u>	<u>(77,000)</u>	<u>(77,000)</u>
<u>Capital Financing Activities</u>			
Principal Payments	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Cash Flow Used by Capital Financing Activities	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
<u>Net Increase (Decrease) in Cash</u>	<u>(2,917)</u>	<u>78,299</u>	<u>75,382</u>
<u>Balance of Cash – Beginning of Year</u>	<u>49,947</u>	<u>275,471</u>	<u>325,418</u>
<u>Balance of Cash – End of Year</u>	<u>\$ 47,030</u>	<u>\$ 353,770</u>	<u>\$ 400,800</u>

Reconciliation of Net Income and Net Cash Flow from Operating Activities

Net Income	\$ 71,915	\$ 125,253	\$ 197,168
Add Depreciation	143,285	30,046	173,331
(Increase) in Receivables	(14,106)	-	(14,106)
(Decrease) in Payables	<u>(4,011)</u>	<u>-</u>	<u>(4,011)</u>
Net Cash Flow from Operating Activities	<u>\$ 197,083</u>	<u>\$ 155,299</u>	<u>\$ 352,382</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township Statement of Fiduciary Net Assets March 31, 2008

Assets

Cash and Investments	\$ 514,267
Receivables	<u>-</u>
Total Assets	<u>514,267</u>

Liabilities

Undistributed Taxes	160,061
Due to Other Funds	169,142
Escrow Payable	<u>185,064</u>
Total Liabilities	<u>514,267</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Leland Township is a general law township located in Leelanau County, Michigan. Population as of the 2000 census was 2,033, and the current State equalized valuation of the year of audit was \$686,773,629.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Tobin & Co.

Leland Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Permanent Funds – These funds are used to account for resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds

These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

Tobin & Co.

Leland Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 to \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	20 years
Sewer Systems	50 years
Buildings	40 years
Building Improvements	25 years
Vehicles	10 years
Furniture and Fixtures	10 years
Equipment	5 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$683,773,629	\$346,691,242	.9097
Fire Protection	\$683,773,629	\$346,691,242	1.3587

G. Special Assessment Revenue

Special Assessment Revenue is recognized in the year of levy. The Township has elected to recognize advance payments of special assessments as revenue upon receipt rather than allocating a portion of such payments to each year's levy.

H. Investments

Township investments at March 31, 2008 consisted primarily of Money Market funds which are legal for direct investment by local units of government in Michigan.

I. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Township considers all short-term debt securities purchased with a remaining maturity of three months or less when purchased to be cash equivalents.

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no material violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2008.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2008, the Township incurred the following expenditures in excess of amounts appropriated without formal budget amendment:

General Fund:	Legislative	\$	1,353
	Treasurer		346
	Planning		1,166
	Capital Outlay		5,232
	Operating Transfers (Out)		122
Fire and Rescue Fund:	Expenditures		16,099
	Operating Transfers (Out)		90,850
Marina Improvement Fund:	Operating Transfers (Out)		82,000

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) In repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) In obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

Tobin & Co.

Leland Township
Notes to Financial Statements
March 31, 2008

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

B. Types of Deposits and Investments

The Township had \$2,471,463 deposited with local financial institutions at March 31, 2008 with a carrying value of \$2,454,946. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$2,171,463 of uninsured deposits at March 31, 2008.

NOTE 4 - ACCOUNTS RECEIVABLE

\$110,906 of accounts receivable represents uncollected sewer usage, connection and tap fees as of March 31, 2008.

NOTE 5 - LOANS AND TRANSFERS BETWEEN FUNDS

The following is a summary of interfund receivables/payables as of March 31, 2008:

	Fire and Rescue Fund	Sewer Fund	Marina Fund	Total
Due From:				
Due To:				
General	\$ 2,989	\$ 168	\$ 10,218	\$ 13,375
Sewer Fund	-	-	569	569
	<u>\$ 2,989</u>	<u>\$ 168</u>	<u>\$ 10,787</u>	<u>\$ 13,944</u>

The following is a summary of interfund transfers as of March 31, 2008:

	General Fund	Fire and Rescue Fund	Marina Improvement Fund	Fire Building and Equipment Fund	Total
Operating Transfers (Out):					
Operating Transfers In:					
Fire and Rescue Fund	\$ -	\$ -	\$ -	\$ 99,620	\$ 99,620
Library Fund	75,950	-	-	-	75,950
Fire Building and Equipment Fund	-	90,850	-	-	90,850
Marina Fund	122	-	82,000	-	82,122
	<u>\$ 76,072</u>	<u>\$ 90,850</u>	<u>\$ 82,000</u>	<u>\$ 99,620</u>	<u>\$ 348,542</u>

NOTE 6 - CAPITAL ASSETS

	03/31/07	Additions	Deletions	03/31/08
Governmental Activities:				
Land and Improvements	\$ 1,619,081	\$ 25,000	\$ -	\$ 1,644,081
Buildings and Improvements	134,525	53,611	-	188,136
Vehicles and Equipment	961,161	96,200	50,000	1,007,361
Total	2,714,767	174,811	50,000	2,839,578
Less Accumulated Depreciation	(756,795)	(75,248)	(50,000)	(782,043)
Governmental Activities Capital Assets, Net	<u>\$ 1,957,972</u>	<u>\$ 99,563</u>	<u>\$ -</u>	<u>\$ 2,057,535</u>

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2008

NOTE 6 - CAPITAL ASSETS (Continued)

	<u>03/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/08</u>
Business-type Activities:				
Land and Improvements	\$ 82,976	\$ 87,000	\$ -	\$ 169,976
Buildings and Improvements	770,967	-	-	770,967
Equipment	146,528	-	-	146,528
Sewer Systems	<u>7,066,131</u>	<u>-</u>	<u>-</u>	<u>7,066,131</u>
Total	8,066,602	87,000	-	8,153,602
Less Accumulated Depreciation	<u>(2,483,527)</u>	<u>(173,331)</u>	<u>-</u>	<u>(2,656,858)</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,583,075</u>	<u>\$ (86,331)</u>	<u>\$ -</u>	<u>\$ 5,496,744</u>

NOTE 7 - LONG-TERM DEBT

On November 1, 1991, Leelanau County issued \$2,900,000 of sewage disposal bonds at interest rates ranging from 9.375% to 4.375% with principal payments due May 1 and interest payments due May 1 and November 1. The proceeds were used to construct a sanitary sewer system in Leland Township.

Changes in long-term debt consist of retirement of \$200,000 of the above bonds.

Debt service requirements to maturity:

	<u>Enterprise Funds</u> <u>Sewage Disposal Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 200,000	\$ 14,219
2009	200,000	5,469
2010	<u>25,000</u>	<u>546</u>
	<u>\$ 425,000</u>	<u>\$ 20,234</u>

NOTE 8 - INVENTORIES

Leland Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

NOTE 9 - RETIREMENT PLAN

The Township has a defined contribution pension plan for Michigan Township employees under contract with the Manufacturers Life Insurance Company. Listed below is a summary of the significant plan provisions adopted by Board resolution in June 1969 and amended in June 1996:

A. Eligibility Requirements

1. Attained age of 18 and not more than 75.
2. No minimum service requirement.
3. All elected officials.

B. Contributions

1. A percentage of annual compensation funded entirely by the Township on an annual basis.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 100% of required annual contribution.

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of services, death, disability, or normal retirement at 100% after 18 months of service.

Tobin & Co.

Leland Township Notes to Financial Statements March 31, 2008

NOTE 9 - RETIREMENT PLAN (Continued)

D. Plan Administration

1. The plan is administered by the Township Clerk.

During the audit year, the total contribution for was \$8,400. Covered payroll for the year was \$76,899 with total payroll for all employees of \$436,812. The plan was funded at the required contribution amount.

NOTE 10- DEFERRED COMPENSATION PLAN

Leland Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by Aetna Life and Annuity Co. and is available to all employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

NOTE 11- COMPENSATED ABSENCES

Township employees do not earn compensated absences.

NOTE 12- CONTINGENT LIABILITIES

Township management is aware of no contingent liabilities on the part of the Township.

NOTE 13- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan and Burnham and Flowers Insurance Agency and Michigan Municipal League Workmen's Compensation Fund. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 14- SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains two enterprise funds, one of which provides sewer services and the other marina services. Segment information for the year ended March 31, 2008 was as follows:

	<u>Sewer Fund</u>	<u>Marina Fund</u>
Operating Revenues	\$ 365,713	\$ 525,361
Depreciation, Depletion and Amortization Expense	143,285	30,046
Operating Income	70,951	30,474
Net Income	71,915	125,253
Net Working Capital	(50,633)	333,550
Total Assets	5,199,376	814,618
Bonds and Other Long-Term Liabilities:		
Payable from Operating Revenues	425,000	-
Total Equity	4,760,263	794,398

NOTE 15- OPERATING LEASE

The Township rents its office facilities under a lease expiring July 19, 2008. Rent expense under the above lease was \$12,000 for the year ended March 31, 2008.

Guaranteed lease payments under the above lease are as follows:

Year Ended March 31, 2009	\$	4,000
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SUPPLEMENTAL DATA SECTION

Tobin & Co.

Leland Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Property Taxes	\$ 342,050	\$ 342,050	\$ 325,056	\$ (16,994)
Licenses and Permits:				
Land Use Permits	5,500	5,500	6,170	670
State Grants:				
State Shared Revenues	138,644	138,644	139,182	538
Charges for Services:				
Summer Tax Collection	6,535	6,535	6,546	11
Fees	19,700	19,700	25,415	5,715
Sales	3,100	3,100	3,175	75
Interest and Rents:				
Interest	15,000	15,000	36,196	21,196
Other:				
Refunds and Reimbursements	-	-	9,786	9,786
Sale of Capital Assets	-	-	143,014	143,014
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>529</u>	<u>(4,471)</u>
Total Revenues	<u>535,529</u>	<u>535,529</u>	<u>695,069</u>	<u>159,540</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	12,781	-
Supplies and Postage	-	-	1,073	-
Contractual Services	-	-	267	-
Legal Services	-	-	820	-
Audit and Accounting	-	-	4,525	-
Communications	-	-	2,349	-
Transportation and Travel	-	-	683	-
Printing and Publishing	-	-	2,485	-
Dues	-	-	5,039	-
Public Utilities	-	-	2,038	-
Maintenance and Repairs	-	-	1,672	-
Rent	-	-	12,000	-
Other	-	-	22,791	-
Education and Training	<u>-</u>	<u>-</u>	<u>780</u>	<u>-</u>
Total	<u>58,450</u>	<u>67,950</u>	<u>69,303</u>	<u>(1,353)</u>
Total Legislative	<u>58,450</u>	<u>67,950</u>	<u>69,303</u>	<u>(1,353)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2008

Schedule 1
Page 2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	22,179	-
Supplies and Postage	-	-	26	-
Transportation and Travel	-	-	438	-
Education	-	-	210	-
Total	<u>23,570</u>	<u>23,570</u>	<u>22,853</u>	<u>717</u>
Elections:				
Salaries and Wages	-	-	2,815	-
Supplies and Postage	-	-	1,590	-
Printing and Publishing	-	-	76	-
Maintenance and Repairs	-	-	53	-
Total	<u>2,300</u>	<u>3,000</u>	<u>4,534</u>	<u>(1,534)</u>
Assessor:				
Supplies and Postage	-	-	1,613	-
Contractual Services	-	-	27,604	-
Maintenance and Repairs	-	-	740	-
Other	-	-	108	-
Total	<u>30,254</u>	<u>30,254</u>	<u>30,065</u>	<u>189</u>
Clerk:				
Salaries and Wages	-	-	32,881	-
Supplies and Postage	-	-	853	-
Accounting	-	-	597	-
Transportation and Travel	-	-	463	-
Maintenance and Repairs	-	-	453	-
Education and Training	-	-	240	-
Other	-	-	41	-
Total	<u>35,700</u>	<u>35,700</u>	<u>35,528</u>	<u>172</u>
Board of Review:				
Salaries and Wages	-	-	720	-
Printing and Publishing	-	-	165	-
Education and Training	-	-	334	-
Total	<u>945</u>	<u>1,245</u>	<u>1,219</u>	<u>26</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2008

Schedule 1
Page 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	25,919	-
Supplies and Postage	-	-	4,496	-
Accounting	-	-	847	-
Transportation and Travel	-	-	1,212	-
Printing and Publishing	-	-	70	-
Maintenance and Repairs	-	-	754	-
Education and Training	-	-	210	-
Other	-	-	38	-
Total	<u>33,200</u>	<u>33,200</u>	<u>33,546</u>	<u>(346)</u>
Cemetery:				
Salaries and Wages	-	-	4,796	-
Supplies	-	-	149	-
Printing and Publishing	-	-	35	-
Maintenance and Repairs	-	-	38	-
Other	-	-	300	-
Total	<u>9,630</u>	<u>6,030</u>	<u>5,318</u>	<u>712</u>
Total General Government	<u>135,599</u>	<u>132,999</u>	<u>133,063</u>	<u>(64)</u>
Public Safety:				
Planning:				
Salaries and Wages	-	-	10,486	-
Supplies	-	-	483	-
Contractual	-	-	27,033	-
Legal	-	-	9,197	-
Dues	-	-	313	-
Transportation and Travel	-	-	740	-
Printing and Publishing	-	-	1,503	-
Education and Training	-	-	161	-
Total	<u>56,900</u>	<u>48,750</u>	<u>49,916</u>	<u>(1,166)</u>
Zoning:				
Salaries and Wages	-	-	1,940	-
Supplies	-	-	31	-
Legal	-	-	2,199	-
Dues	-	-	312	-
Printing and Publishing	-	-	231	-
Education and Training	-	-	55	-
Total	<u>3,795</u>	<u>4,845</u>	<u>4,768</u>	<u>77</u>
Total Public Safety	<u>60,695</u>	<u>53,595</u>	<u>54,684</u>	<u>(1,089)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1
Page 4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Public Works:				
Roads and Sidewalks:				
Contractual Services	<u>103,000</u>	<u>103,000</u>	<u>101,316</u>	<u>1,684</u>
Street Lighting:				
Contractual Services	<u>13,000</u>	<u>14,300</u>	<u>14,293</u>	<u>7</u>
Total Public Works	<u>116,000</u>	<u>117,300</u>	<u>115,609</u>	<u>1,691</u>
Recreation and Cultural:				
Parks and Recreation:				
Salaries and Wages	-	-	21,650	-
Supplies	-	-	2,846	-
Contractual Services	-	-	7,967	-
Legal	-	-	33	-
Trash and Snow Removal	-	-	2,451	-
Sewer Use	-	-	4,583	-
Transportation and Travel	-	-	25	-
Printing and Publishing	-	-	429	-
Public Utilities	-	-	1,273	-
Maintenance and Repairs	-	-	9,757	-
Other	<u>-</u>	<u>-</u>	<u>712</u>	<u>-</u>
Total Recreation and Cultural	<u>60,100</u>	<u>60,100</u>	<u>51,726</u>	<u>8,374</u>
Other:				
Employee Benefits and Insurance	<u>37,136</u>	<u>36,936</u>	<u>32,858</u>	<u>4,078</u>
Total	<u>37,136</u>	<u>36,936</u>	<u>32,858</u>	<u>4,078</u>
Capital Outlay	<u>24,200</u>	<u>22,700</u>	<u>27,932</u>	<u>(5,232)</u>
Total Expenditures	<u>492,180</u>	<u>491,580</u>	<u>485,175</u>	<u>6,405</u>
<u>Excess Revenues (Expenditures)</u>	<u>43,349</u>	<u>43,949</u>	<u>209,894</u>	<u>165,945</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(75,950)</u>	<u>(75,950)</u>	<u>(76,072)</u>	<u>(122)</u>
Total	<u>(75,950)</u>	<u>(75,950)</u>	<u>(76,072)</u>	<u>(122)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(1) <u>\$ (32,601)</u>	<u>\$ (32,001)</u>	<u>133,822</u>	<u>\$ 165,823</u>
Fund Balance – Beginning of Year			<u>280,228</u>	
Fund Balance -- End of Year			<u>\$ 414,050</u>	

(1) Budgeted from Fund Balance

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Metro Authority Fund
For the Year Ended March 31, 2008

Schedule 2

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
State Shared Revenues	\$ 5,600	\$ 5,600	\$ 5,570	\$ (30)
Total	5,600	5,600	5,570	(30)
<u>Expenditures</u>	-	-	-	-
<u>Excess Revenues (Expenditures)</u>	\$ 5,600	\$ 5,600	5,570	\$ (30)
Fund Balance – Beginning of Year			17,881	
Fund Balance – End of Year			\$ 23,451	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Fire and Rescue Fund For the Year Ended March 31, 2008

Schedule 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 340,000	\$ 340,000	\$ 335,121	\$ (4,879)
Charges for Services:				
Run Fees	43,000	43,000	41,171	(1,829)
Other:				
Sale of Capital Assets	-	-	850	850
Miscellaneous	<u>200</u>	<u>-</u>	<u>917</u>	<u>917</u>
Total Revenues	<u>383,200</u>	<u>383,000</u>	<u>378,059</u>	<u>(4,941)</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	180,110	-
Social Security and Medicare	-	-	13,459	-
Unemployment	-	-	5,369	-
Supplies	-	-	21,728	-
Contractual	-	-	2,474	-
Trash and Snow Removal	-	-	1,090	-
Audit and Accounting	-	-	1,300	-
Legal	-	-	6,902	-
Dues	-	-	90	-
Sewer Use	-	-	1,225	-
Communications	-	-	2,793	-
Health Insurance	-	-	3,516	-
Transportation and Travel	-	-	2,775	-
Printing and Publishing	-	-	753	-
Insurance and Bonds	-	-	18,484	-
Public Utilities	-	-	13,570	-
Maintenance and Repairs	-	-	18,456	-
Uniforms	-	-	1,947	-
Licenses and Fees	-	-	1,209	-
Other	-	-	3,204	-
Medical	-	-	140	-
Education and Training	-	-	2,330	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>112,723</u>	<u>-</u>
Total	<u>400,548</u>	<u>399,548</u>	<u>415,647</u>	<u>(16,099)</u>
<u>Excess Revenues (Expenditures)</u>	<u>(17,348)</u>	<u>(16,548)</u>	<u>(37,588)</u>	<u>(21,040)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	40,000	156,200	99,620	(56,580)
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>(90,850)</u>	<u>(90,850)</u>
Total	<u>40,000</u>	<u>156,200</u>	<u>8,770</u>	<u>(147,430)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 22,652</u>	<u>\$ 139,652</u>	<u>(28,818)</u>	<u>\$ (168,470)</u>
Fund Balance – Beginning of Year			<u>56,186</u>	
Fund Balance – End of Year			<u>\$ 27,368</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Liquor Law Enforcement Fund For the Year Ended March 31, 2008

Schedule 4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Grants:				
License Refunds from State	\$ 3,600	\$ 3,600	\$ 3,588	\$ (12)
Total	3,600	3,600	3,588	(12)
<u>Expenditures</u>				
Contractual Services	5,000	5,000	5,000	-
Total	5,000	5,000	5,000	-
<u>Excess Revenues (Expenditures)</u>	(1) \$ (1,400)	\$ (1,400)	(1,412)	\$ (12)
Fund Balance – Beginning of Year			8,837	
Fund Balance -- End of Year			\$ 7,425	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual Library Fund For the Year Ended March 31, 2008

Schedule 5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
State Grants:				
State Aid	\$ 1,500	\$ 1,600	\$ 1,607	\$ 7
Charges for Services:				
Fees	6,300	5,800	4,953	(847)
Sales	4,700	5,500	5,157	(343)
Fines and Forfeits:				
Penal Fines	14,500	15,740	15,741	1
Book Fines	900	1,000	907	(93)
Interest and Rents:				
Interest and Dividends	8,000	8,000	8,989	989
Other:				
Donations	18,680	17,020	17,065	45
Miscellaneous	-	1,820	1,817	(3)
Total Revenues	<u>54,580</u>	<u>56,480</u>	<u>56,236</u>	<u>(244)</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	52,875	-
Social Security and Medicare	-	-	4,049	-
Unemployment	-	-	1,424	-
Medical Reimbursement	-	-	1,000	-
Supplies	-	-	5,167	-
Trash and Snow Removal	-	-	1,008	-
Accounting and Auditing	-	-	800	-
Dues	-	-	1,481	-
Sewer Use	-	-	840	-
Programs	-	-	2,112	-
Communications	-	-	1,592	-
Transportation and Travel	-	-	163	-
Printing and Publishing	-	-	699	-
Insurance and Bonds	-	-	2,850	-
Public Utilities	-	-	7,068	-
Maintenance and Repairs	-	-	5,676	-
Information Technology	-	-	10,483	-
Other	-	-	590	-
Education and Training	-	-	137	-
Capital Outlay	-	-	54,093	-
Collection	-	-	25,923	-
Total	<u>150,530</u>	<u>187,430</u>	<u>180,030</u>	<u>7,400</u>
<u>Excess Revenues (Expenditures)</u>	<u>(95,950)</u>	<u>(130,950)</u>	<u>(123,794)</u>	<u>7,156</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	75,950	75,950	75,950	-
Operating Transfers (Out)	-	-	-	-
Total	<u>75,950</u>	<u>75,950</u>	<u>75,950</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(1) <u>\$ (20,000)</u>	<u>\$ (55,000)</u>	<u>(47,844)</u>	<u>\$ 7,156</u>
Fund Balance -- Beginning of Year			209,839	
Fund Balance -- End of Year			<u>\$ 161,995</u>	

(1) Budgeted from Fund Balance

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Marina Improvement Fund
For the Year Ended March 31, 2008

Schedule 6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ 22,261	\$ 22,261	\$ 19,596	\$ (2,665)
Other:				
Grants and Donations	-	-	36,950	36,950
Total	22,261	22,261	56,546	34,285
<u>Expenditures</u>	-	-	-	-
Total	-	-	-	-
<u>Excess Revenues (Expenditures)</u>	22,261	22,261	56,546	34,285
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	54,000	54,000	-	(54,000)
Operating Transfers (Out)	-	-	(82,000)	(82,000)
Total	54,000	54,000	(82,000)	(136,000)
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	\$ 76,261	\$ 76,261	(25,454)	\$ (101,715)
Fund Balance – Beginning of Year			504,489	
Fund Balance – End of Year			\$ 479,035	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual Fire Building and Equipment Fund For the Year Ended March 31, 2008

Schedule 7

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes:				
Property Taxes	\$ 136,000	\$ 136,000	\$ 133,932	\$ (2,068)
Interest and Rents:				
Interest	10,500	10,500	13,890	3,390
Other:				
Sale of Capital Assets	-	-	400	400
Total	<u>146,500</u>	<u>146,500</u>	<u>148,222</u>	<u>1,722</u>
<u>Expenditures</u>	-	-	32	(32)
Total	-	-	32	(32)
<u>Excess Revenues (Expenditures)</u>	<u>146,500</u>	<u>146,500</u>	<u>148,190</u>	<u>1,690</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	90,850	90,850
Operating Transfers (Out)	(40,000)	(156,200)	(99,620)	56,580
Total	<u>(40,000)</u>	<u>(156,200)</u>	<u>(8,770)</u>	<u>147,430</u>
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	<u>\$ 106,500</u>	<u>\$(1) (9,700)</u>	139,420	<u>\$ 149,120</u>
Fund Balance -- Beginning of Year			<u>336,027</u>	
Fund Balance -- End of Year			<u>\$ 475,447</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2008

Schedule 8

<u>Assets</u>	<u>Special Revenue</u>		<u>Permanent</u> <u>Fund</u>	<u>Total</u>
	<u>Liquor Law</u> <u>Enforcement</u>	<u>Metro</u> <u>Authority</u>	<u>Perpetual</u> <u>Care</u>	
Cash and Cash Equivalents	\$ 7,425	\$ 23,451	\$ 500	\$ 31,376
Total Assets	<u>\$ 7,425</u>	<u>\$ 23,451</u>	<u>\$ 500</u>	<u>\$ 31,376</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Total	-	-	-	-
Fund Equity:				
Fund Balance – Reserved	-	-	-	-
Fund Balance – Unreserved	<u>7,425</u>	<u>23,451</u>	<u>500</u>	<u>31,376</u>
Total	<u>7,425</u>	<u>23,451</u>	<u>500</u>	<u>31,376</u>
Total Liabilities and Fund Balance	<u>\$ 7,425</u>	<u>\$ 23,451</u>	<u>\$ 500</u>	<u>\$ 31,376</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Leland Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
March 31, 2008

Schedule 9

	<u>Special Revenue</u>		<u>Permanent Fund</u>	
<u>Revenues</u>	<u>Liquor Law Enforcement</u>	<u>Metro Authority</u>	<u>Perpetual Care</u>	<u>Total</u>
State Grants	\$ 3,588	\$ 5,570	\$ -	\$ 9,158
Total	3,588	5,570	-	9,158
<u>Expenditures</u>				
Public Safety	5,000	-	-	5,000
Total	5,000	-	-	5,000
<u>Excess Revenues (Expenditures)</u>	(1,412)	5,570	-	4,158
Fund Balance – Beginning of Year	8,837	17,881	500	27,218
Fund Balance – End of Year	\$ 7,425	\$ 23,451	\$ 500	\$ 31,376

The Notes to the Basic Financial Statements are an integral part of this statement.

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Leland Township Statement of Revenues, Expenditures and Changes in Retained Earnings – Budget and Actual Sewer Fund For the Year Ended March 31, 2008

Schedule 10

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services:				
Usage and Connection Fees and Debt Retirement	\$ 325,709	\$ 325,709	\$ 357,378	\$ 31,669
Other:				
Reimbursements and Miscellaneous	<u>-</u>	<u>-</u>	<u>8,335</u>	<u>8,335</u>
Total	<u>325,709</u>	<u>325,709</u>	<u>365,713</u>	<u>40,004</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	10,496	-
Social Security and Medicare	-	-	803	-
Unemployment	-	-	400	-
Supplies	-	-	1,907	-
Contractual Services	-	-	77,851	-
Trash and Snow Removal	-	-	882	-
Accounting and Auditing	-	-	1,300	-
Communications	-	-	2,345	-
Printing and Publishing	-	-	121	-
Licenses and Permits	-	-	3,650	-
Insurance and Bonds	-	-	3,569	-
Public Utilities	-	-	18,628	-
Maintenance and Repairs	-	-	6,608	-
Depreciation	-	-	143,285	-
Other	-	-	1,360	-
Interest	<u>-</u>	<u>-</u>	<u>21,557</u>	<u>-</u>
Total	<u>163,245</u>	<u>163,245</u>	<u>294,762</u>	<u>(131,517)</u>
<u>Operating Income (Loss)</u>	<u>162,464</u>	<u>162,464</u>	<u>70,951</u>	<u>(91,513)</u>
Interest Income	<u>500</u>	<u>500</u>	<u>964</u>	<u>464</u>
<u>Total Non-operating Income (Expense)</u>	<u>500</u>	<u>500</u>	<u>964</u>	<u>464</u>
<u>Net Income (Loss)</u>	<u>\$ 162,964</u>	<u>\$ 162,964</u>	<u>71,915</u>	<u>\$ (91,049)</u>
Depreciation Transferred to Contributions			89,302	
Retained Earnings – Beginning of Year			<u>930,007</u>	
Retained Earnings – End of Year			<u>\$ 1,091,224</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

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Leland Township
Statement of Revenues, Expenditures and Changes in Retained Earnings – Budget and Actual
Marina Fund
For the Year Ended March 31, 2008

Schedule 11

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services:				
Moorage and Other Fees	\$ 144,300	\$ 144,300	\$ 145,405	\$ 1,105
Launching Fees	5,200	5,200	4,075	(1,125)
Parking Meter and Fines	5,000	5,000	5,549	549
Pump Out Fees	2,000	2,000	1,510	(490)
Gas, Oil and Diesel Sales	<u>265,580</u>	<u>265,580</u>	<u>368,822</u>	<u>103,242</u>
Total	<u>422,080</u>	<u>422,080</u>	<u>525,361</u>	<u>103,281</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	63,663	-
Fringe Benefits	-	-	6,475	-
Supplies	-	-	4,639	-
Gas, Oil and Fuel	-	-	314,896	-
Trash Removal	-	-	891	-
Contractual Services	-	-	2,112	-
Accounting and Auditing	-	-	1,500	-
Legal	-	-	552	-
Communications	-	-	1,879	-
Transportation and Travel	-	-	968	-
Printing and Publishing	-	-	23	-
Insurance and Bonds	-	-	4,700	-
Public Utilities	-	-	19,624	-
Maintenance and Repairs	-	-	13,982	-
Depreciation	-	-	30,046	-
Licenses and Fees	-	-	412	-
Other and Credit Card Fees	-	-	15,725	-
Administration Fee	-	-	12,500	-
Education	-	-	65	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>235</u>	<u>-</u>
Total	<u>390,661</u>	<u>390,661</u>	<u>494,887</u>	<u>(104,226)</u>
<u>Operating Income</u>	<u>31,419</u>	<u>31,419</u>	<u>30,474</u>	<u>(945)</u>
Interest Income	12,400	12,400	12,657	257
Transfer In	-	-	82,122	82,122
Transfer Out	<u>(54,000)</u>	<u>(54,000)</u>	<u>-</u>	<u>54,000</u>
<u>Total Non-operating Income (Expense)</u>	<u>(41,600)</u>	<u>(41,600)</u>	<u>94,779</u>	<u>136,379</u>
<u>Net Income</u>	(1) <u>\$ (10,181)</u>	<u>\$ (10,181)</u>	<u>125,253</u>	<u>\$ 135,434</u>
Retained Earnings – Beginning of Year			<u>669,145</u>	
Retained Earnings – End of Year			<u>\$ 794,398</u>	

(1) Budgeted from Retained Earnings

The Notes to the Basic Financial Statements are an integral part of this statement.

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Leland Township Combining Statement of Changes in Assets and Liabilities Fiduciary Funds For the Year Ended March 31, 2008

Schedule 12

	Trust and Agency Fund		
	Balance 03/31/07	Additions	Deductions
<u>Assets</u>			
Cash and Investments	\$ 184,633	\$ 11,804	\$ 11,373
Receivables	-	-	-
Total Assets	<u>\$ 184,633</u>	<u>\$ 11,804</u>	<u>\$ 11,373</u>
<u>Liabilities</u>			
Undistributed Taxes	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Escrow Payable	184,633	11,804	11,373
Total Liabilities	<u>\$ 184,633</u>	<u>\$ 11,804</u>	<u>\$ 11,373</u>

	Current Tax Collection Fund		
	Balance 03/31/07	Additions	Deductions
<u>Assets</u>			
Cash and Investments	\$ 52,042	\$ 8,556,837	\$ 8,279,676
Receivables	3,000	-	3,000
Total Assets	<u>\$ 55,042</u>	<u>\$ 8,556,837</u>	<u>\$ 8,282,676</u>
<u>Liabilities</u>			
Undistributed Taxes	\$ 12,553	\$ 7,753,271	\$ 7,605,763
Due to Other Funds	42,489	803,566	676,913
Escrow Payable	-	-	-
Total Liabilities	<u>\$ 55,042</u>	<u>\$ 8,556,837</u>	<u>\$ 8,282,676</u>

	Total		
	Balance 03/31/07	Additions	Deductions
<u>Assets</u>			
Cash and Investments	\$ 236,675	\$ 8,568,641	\$ 8,291,049
Receivables	3,000	-	3,000
Total Assets	<u>\$ 239,675</u>	<u>\$ 8,568,641</u>	<u>\$ 8,294,049</u>
<u>Liabilities</u>			
Undistributed Taxes	\$ 12,553	\$ 7,753,271	\$ 7,605,763
Due to Other Funds	42,489	803,566	676,913
Escrow Payable	184,633	11,804	11,373
Total Liabilities	<u>\$ 239,675</u>	<u>\$ 8,568,641</u>	<u>\$ 8,294,049</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

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Leland Township 2007 Property Tax Levy and Collections For the Year Ended March 31, 2008

Schedule 13

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	4.1958	\$ 1,450,848	\$ 1,380,075	\$ 70,773
County Road	0.4916	169,981	157,616	12,365
County Senior	0.2421	83,706	77,616	6,090
County BATA	0.3283	113,513	105,255	8,258
State Education	6.0000	2,074,416	1,981,824	92,592
School District:				
Leland	12.8513	3,119,774	2,975,959	143,815
Suttons Bay	22.3889	2,630	2,007	623
Intermediate School District	2.9334	1,014,349	968,906	45,443
Township:				
General	0.9097	314,520	291,664	22,856
Fire Protection	1.3587	469,766	435,633	34,133
Special Assessments:				
Recycle Fee		38,100	35,710	2,390
Sewer Usage		<u>13,820</u>	<u>8,275</u>	<u>5,545</u>
Total		<u>\$ 8,865,423</u>	<u>\$ 8,420,540</u>	<u>\$ 444,883</u>
Percent of Levy Collected	94.98%			

The Notes to the Basic Financial Statements are an integral part of this statement.

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To the Township Board
Leland Township

We have audited the financial statements of Leland Township for the year ended March 31, 2008 and have issued our report thereon dated September 11, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 24, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist but not be detected by us.

As part of our audit, we considered the internal control of Leland Township. Such consideration was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Internal Control

In planning and performing our audit, we considered the internal control over financial reporting of the Township as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process or report financial data reliably in accordance with

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generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider each of the following significant deficiencies to be a material weakness.

Current Property Tax Collection Funds

The Township Treasurer is required to make the final distribution of collected property taxes to taxing authorities by April 1 for the prior July 1 and December 1 levies. Analysis of the cash balances in the tax collection fund accounts revealed that, again this year, additional distributions needed to be made after April 1.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course.

Reporting Financial Data

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other townships of its size.

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Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Leland Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008-2008. We noted no transactions entered into by the Township during the year that were both significant and unusual and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, none of management's estimates are considered to be particularly sensitive.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicates matters that could have a significant effect on the Township's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

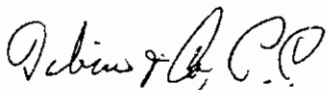
Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

No Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Township Board and management of Leland Township and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Tobin & Co.", is written in dark ink.

Tobin & Co., P.C.

September 11, 2008